

MINUTE ITEM

12. REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, LEASE P.R.C. 2205.1, PHILLIPS PETROLEUM COMPANY, SANTA BARBARA COUNTY - W.O. 4206.

After consideration of Calendar Item 6 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE EXECUTIVE OFFICER IS AUTHORIZED TO GRANT TO PHILLIPS PETROLEUM COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 2205.1, A DEFERMENT OF DRILLING REQUIREMENTS UNDER THE LEASE TO AUGUST 10, 1942, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

Attachment

Calendar Item 6 (1 page)

CALENDAR ITEM

6.

REQUEST FOR DEFERMENT OF DRILLING REQUIREMENTS, LEASE P.R.C. 2205.1, PHILLIPS PETROLEUM COMPANY, SANTA BARBARA COUNTY - W.O. 4206.

State Oil and Gas Lease P.R.C. 2205.1, covering approximately 3,840 acres of tide and submerged lands in Santa Barbara County, was issued on July 25, 1958, to Phillips Petroleum Company and Pauley Petroleum, Inc., et al., pursuant to competitive public bidding in accordance with Division 6 of the Public Resources Code.

Under the terms of the lease, the lessees were not required to commence operations for the drilling of a well until July 25, 1961; however, the lessees commenced drilling on November 16, 1958, and thereafter diligently conducted drilling operations on the leased lands until April 10, 1961. During this period the lessees drilled five exploratory test wells from a floating drilling barge, two of which were redrilled; four development wells were drilled from an upland drillsite. In conducting the above operations, a total of 83,716 feet of hole was drilled. The drilling operations and the additional geological exploration work performed on the lease since July 25, 1958, were conducted at a cost of approximately \$3,300,000.

On June 22, 1961 (Minute Item 4, page 6999), the Commission authorized a deferment of drilling requirements under the lease until February 10, 1962. An application has been received from Phillips Petroleum Company, operator, requesting a further deferment of drilling requirements until August 10, 1962.

During the course of drilling operations, electric logs, dip-meter surveys, side-wall samples, and cores were taken, and core analyses were made. The geological staffs of the lessees are interpreting and evaluating this data with geophysical information in an analysis of the complex geological structural conditions that exist in this area.

Three of the development wells have been completed as gas wells; the most recent completion was on February 21, 1961. However, although arrangements for the sale of substantial quantities of gas have been made, no gas can be sold until a gas transmission line to the field has been completed. Reservoir performance data, which cannot be obtained until after the pipe line connection becomes available, is needed for study and evaluation, together with information that results from the current study of the geological and geophysical information, in order to determine if further development work on this lease would be feasible.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE EXECUTIVE OFFICER TO GRANT TO PHILLIPS PETROLEUM COMPANY, OPERATOR UNDER STATE OIL AND GAS LEASE P.R.C. 2205.1, A DEFERMENT OF DRILLING REQUIREMENTS UNDER THE LEASE TO AUGUST 10, 1962, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.